



Los Angeles County
Board of Supervisors

May 1, 2007

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(All Districts Affected - 3 Votes)

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	H/UCLA – Various Accounts	\$7,531
(2)	Account Number	H/UCLA – Various Accounts	\$7,630
(3)	Account Number	H/UCLA – 7317451	\$10,000
(4)	Account Number	LAC+USC – 2061984	\$75,000

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

*To improve health
through leadership,
service and education*

The compromise offer of settlement for patient accounts (1) - (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the legal settlements involved in these cases.

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING:

This will expedite the County's recovery of revenue totaling approximately \$100,161.

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FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:19 (B-L MARTINEZ COMPROMISE BDLTR#51 LETTER)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: April 17, 2007

Total Charges	\$49,070	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$49,070	Date of Service	Various
Compromise Amount Offered	\$7,531	% Of Charges	15%
Amount to be Written Off	\$41,539	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was a passenger in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$49,070 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability. The patient's third party liability claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident. However, since 5 different people, including the patient on Transmittal No. 2, were involved in the claim, his attorney is proposing a settlement amount of \$24,775 to be distributed as follows:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement*
Lawyer's Fees	\$9,910	\$8,259	33%
Lawyer's Cost	\$950	\$950	5%
H/UCLA Medical Center	\$49,070	\$7,531	30%
Other Lien Holders	\$4,273	\$1,535	6%
Patient		\$6,500	26%
Total		\$24,775	100%

* 36% of the settlement was allocated to all lien holders – (30% to H/UCLA Medical Center and 6% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: April 17, 2007

Total Charges	\$55,594	Account Number	6035610 & 6113756
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$55,594	Date of Service	3/01/04-3/08/04 & 3/24/04
Compromise Amount Offered	\$7,630	% Of Charges	14%
Amount to be Written Off	\$47,964	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was a passenger in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$55,594 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability. The patient's third party liability claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident. However, since 5 different people, including the patient on Transmittal No. 1, were involved in the claim, his attorney is proposing a settlement amount of \$24,775 to be distributed as follows:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement*
Lawyer's Fees	\$9,910	\$8,259	33%
Lawyer's Cost	\$950	\$950	5%
H/UCLA Medical Center	\$55,594	\$7,630	31%
Other Lien Holders	\$4,584	\$1,685	6%
Patient		\$6,251	25%
Total		\$24,775	100%

* 37% of the settlement was allocated to all lien holders – (31% to H/UCLA Medical Center and 6% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: April 17, 2007

Total Charges	\$46,896	Account Number	7317451
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$46,896	Date of Service	11/21/05-11/29/05
Compromise Amount Offered	\$10,000	% Of Charges	21%
Amount to be Written Off	\$36,896	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$46,896 for medical services rendered. The patient was uncooperative in applying for Medical and thus, does not qualify for ATP. The patient's third party liability claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$5,000	\$2,500	16.7%
Lawyer's Cost	\$0	\$0	0%
H/UCLA Medical Center	\$46,896	\$10,000	66.6%
Other Lien Holders	\$0	\$0	0%
Patient		\$2,500	16.7%
Total		\$15,000	100%

* The patient's lawyer has waived his cost and reduced his fees from 33% to 16.7%.

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: April 17, 2007

Total Charges	\$158,132	Account Number	2061984
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$158,132	Date of Service	10/28/04-11/23/04
Compromise Amount Offered	\$75,000	% Of Charges	47.4%
Amount to be Written Off	\$83,132	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a slip and fall injury in an apartment complex. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$158,132 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability. Ultimately, it was identified that this patient had a third party liability (TPL) and the account was referred to DHS' Outside Collection Agency as a TPL. The patient's TPL claim settled for \$260,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement**
Lawyer's Fees *	\$102,000	\$102,000	39.2%
Lawyer's Cost *	\$40,000	\$40,000	15.3%
LAC+USC Medical Center	\$158,132	\$75,000	29.0%
Other Lien Holders	\$12,200	\$3,690	1.4%
Patient		\$39,310	15.1%
Total		\$260,000	100.0%

* A portion of the lawyer's fees and costs include testimony of expert witnesses to prepare for trial.

** 30% of the settlement was allocated to all lien holders – (29% to LAC+USC Medical Center and 1% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

FACT SHEET

RE: REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT

All Districts

CONTACT PERSON:

Department of Health Services
Larry Gatton, Chief
Revenue Services
(213) 240-8366
lgatton@ladhs.org

SUBJECT:

The Director of Health Services is filing a Board letter for the May 1, 2007 agenda to obtain Board approval of the compromise offers of settlement for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	H/UCLA – Various Accounts	\$7,531
(2)	Account Number	H/UCLA – Various Accounts	\$7,630
(3)	Account Number	H/UCLA – 7317451	\$10,000
(4)	Account Number	LAC+USC - 2061984	\$75,000

REQUESTED ACTIONS:

The Board is being asked to authorize the Director of Health Services, or his designees, to accept the compromise offers of settlement for the patient accounts above in accordance with the Compromise Ordinance adopted by the Board on January 15, 2002.

PROGRAM:

In January, 2002 the Board approved an ordinance granting the Director authority to reduce patient account liabilities when it is in the best interest of the County.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less, with any reduction exceeding the Director's authority requiring Board approval.

CONTRACT AMOUNT:

Not applicable.

TERMINATION PROVISIONS:

Not applicable.

TERM OF CONTRACT:

Not applicable.

Board Agenda: May 1, 2007

AUTOMATIC RENEWAL:

Not applicable.

FIRST BOARD APPROVAL:

Not applicable.

RETROACTIVE AGREEMENT:

Not applicable.

REQUEST FOR PROPOSALS PROCESS:

Not applicable.

SOLE SOURCE JUSTIFICATION:

Not applicable.

SMALL BUSINESS' WEB SITE:

Not applicable.